

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ABF-01 FS-01 PER-01 EURE-00 OPR-02 /018 W

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P 131058Z JUL 76

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC PRIORITY 5478

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 7044

FOR EUR/EX AND PER/ES/LP

EO 11652: AGDS 12/31/76

TAGS: AFSP ABUD AFIN GR

SUBJECT: LOCAL WAGE SURVEY

1. THIS TELEGRAM SUBMITS MISSION COMMENTS ON LOCAL WAGE SURVEY REPORT PREPARED BY DRS. EDITH AND FRED BAIRDAIN, SUBMITTED TO THE DEPT AND POST ON JUNE 22, 1976.

2. POST COMMENTS, WHICH FOLLOW BELOW, ARE BASED ON THE FOLLOWING ASSUMPTIONS:

A. THAT COMPENSATION OF LOCAL EMPLOYEES BE COMPETITIVE.

B. THAT SURVEY WAS CONDUCTED OBJECTIVELY AND THAT THE REPORT AND RECOMMENDATIONS SHOULD, CONSEQUENTLY, BE DEVOID OF SUBJECTIVE COMMENTS.

C. THAT PROPOSED COMPENSATION PLAN SHOULD INCORPORATE ALL PREVAILING PRACTICES.

D. THAT THE SURVEY TEAM CONSIDERED ALL FACTORS WHICH IMPACT ON WORKING CONDITIONS.

E. THAT THE PROPOSED COMPENSATION SHOULD NOT RESULT IN A LOSS OF PURCHASING POWER FOR OUR EMPLOYEES.

3. WE ARE IMPRESSED WITH THE WEALTH OF DATA COLLECTED, WITH THE THREE VOLUMES WHICH CONSTITUTE THE REPORT AND  
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THE TIME REQUIRED TO PRODUCE IT. WE ARE, HOWEVER, CON-

STRAINED TO COMMENT ON CERTAIN ASPECTS OF THE REPORT WHICH, IN OUR OPINION, WEAKEN SOME OF THE CONCLUSIONS AND RECOMMENDATIONS SUBMITTED BY THE DRS. DAIRDAIN. IT MAY WELL BE THAT GUIDANCE FOR SURVEY TEAMS IS TOO RESTRICTIVE TO PERMIT THEIR CONSIDERATION OF LOCAL PECULIARITIES.

A. COMPETITIVE EMPLOYERS:

THIS EMBASSY, UNLIKE IN PAST YEARS, MUST NOW COMPETE FOR SKILLS IN A LABOR MARKET WHICH IS BECOMING INCREASINGLY TIGHT. THE PREVAILING LABOR SITUATION HAS BECOME HIGHLY MOBILE, IN THAT YOUNG EMPLOYEES ARE MORE CONCERNED WITH TAKE-HOME PAY THAN WITH LONG-TERM SECURITY. THE SALARY SCHEDULE WHICH HAS BEEN PROPOSED IS BASED ON AVERAGES OF SALARIES PAID BY EMPLOYERS WHOM THE TEAM CONSIDER TO BE "COMPETITIVE". THEREFORE, HALF OF THESE EMPLOYERS OFFER MORE THAN THE EMBASSY WOULD PAY UNDER THE NEW WAGE SCALE, AND WE WOULD INEVITABLY DEPRIVE OURSELVES OF THE OPPORTUNITY TO COMPETE EFFECTIVELY FOR THE HIGHEST QUALITY OF SKILLS. IN OTHER WORDS, THE SALARY SCALE WHICH HAS BEEN PROPOSED DEPRIVES US OF THE POSSIBILITY TO BE COMPETITIVE.

B. OBJECTIVITY:

THE SURVEY TEAM, IN ITS REPORT, CRITICIZES LOCAL EMPLOYEES REPEATEDLY, ALLUDING TO ATTEMPTS TO INFLUENCE THE CONDUCT OF THE SURVEY BY VARIOUS MEANS. WE DO NOT AGREE WITH SUCH ALLEGATIONS AND ALSO BELIEVE THEY HAVE NO PLACE IN THIS REPORT. INDEED, THEY CONVEY AN ATMOSPHERE OF ADVERSARY RELATIONSHIP, WHICH WOULD TEND TO UNDERMINE THE VALIDITY OF THE SURVEY RESULTS. EXCEPT FOR THIS COMMENT FOR THE RECORD, WE HAVE CHOSEN TO IGNORE SUCH OBSERVATIONS.

C. PREVAILING PRACTICES:

THE SINGLE MOST IMPORTANT PRACTICE WHICH THE SURVEY TEAM ACKNOWLEDGED TO EXIST, BUT REFUSED TO CONSIDER IN THE DEVELOPMENT OF ITS COMPENSATION PLAN, IS INCLUSION IN SALARY OF THE 13TH AND 14TH MONTHLY PAYMENTS. THE REASON GIVEN BY THE TEAM IS THAT "INCLUSION IS CONTRARY TO REGULATION AND INSTRUCTION". WE QUESTION THIS DECISION.

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SION ON THE BASIS OF CONFLICT WITH SECTION 444 OF THE FOREIGN SERVICE ACT OF 1946, AS AMENDED BY PL86-723 (74 STATE 832; 22 USC 889). THIS ACT PROVIDES, "THAT SUCH COMPENSATION PLANS SHALL BE BASED UPON PREVAILING WAGE RATES AND COMPENSATION PRACTICES FOR CORRESPONDING TYPES OF POSITIONS IN THE LOCALITY, TO THE EXTENT CONSISTENT WITH THE PUBLIC INTEREST." WE ARE OF THE OPINION THAT WE CANNOT PICK AND CHOOSE AMONG PREVAILING

PRACTICES AND THAT, HAVING BEEN CONFIRMED AS EXIST-  
ING, WE HAVE NO CHOICE BUT TO INCLUDE THE 13TH AND  
14TH MONTHS PAY IN THE SALARY SCHEDULE. IT SHOULD  
BE NOTED THAT LOCAL COURT DECISIONS HAVE HELD THAT  
LEGISLATION AS EARLY AS 1951 PROVIDES FOR INCLUSION  
OF THESE ALLOWANCES (BONUS) AS PART OF ANNUAL SALARY.

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P 131058Z JUL 76

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC PRIORITY 5479

C O N F I D E N T I A L SECTION 2 OF 2 ATHENS 7044

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D. CONSIDERATION OF SPECIAL

FACTORS:

THE ELEMENT OF COMPETITION IS FURTHER REDUCED BY THE  
CONDITIONS UNDER WHICH OUR EMPLOYEES DO THEIR WORK.  
THEY ARE WELL AWARE OF THE FACT THAT THE EMBASSY IS  
POTENTIALLY A HIGH TARGET FOR ATTACK BY MOBS--AS INDEED  
IT WAS ATTACKED AND HEAVILY DAMAGED IN 1975; TO ACTS  
OF TERRORISM--AS EVIDENCED BY HEAVY AND HIGHLY VISIBLE  
SECURITY PRECAUTIONS; AND THEY ARE UNDER CONSIDERABLE  
PRESSURE FROM FRIENDS, AND EVEN FAMILY, TO SEEK EMPLOYMENT  
ELSEWHERE.

E. PURCHASING POWER:

THE TEAM WAS NOT ABLE, THEY ALLEGED, TO CONSIDER THE  
EFFECT ON EMPLOYEE PURCHASING POWER WHICH WOULD RESULT  
FROM IMPLEMENTATION OF THE RECOMMENDED COMPENSATION  
PLAN. THE POST, ON THE OTHER HAND, IS CONVINCED IT HAS  
AN OBLIGATION TO ANALYZE THIS IMPORTANT FACTOR. OUR  
ANALYSIS, BASED ON OFFICIAL RECORDS WHICH WERE READILY  
AVAILABLE TO THE SURVEY TEAM, SHOWS THE FOLLOWING  
EMPIRICAL DATA:

(1) COST OF LIVING CHANGES VS. POST COMPENSATION PLAN  
CHANGES BETWEEN 1971 AND 1975:

COST OF LIVING IN GREECE: PLUS 69.7 PERCENT  
POST COMPENSATION PLAN: PLUS 38.5 PERCENT

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(2) AVERAGE WAGE ADJUSTMENTS BETWEEN 1974 AND 1976:

YEAR	GREECE	POST
1974	PLUS 27.7 PERCENT	PLUS 8.73 PERCENT
1975	PLUS 26.6 PERCENT	PLUS 12.7 PERCENT
1976 (6MOS)	PLUS 22.0 PERCENT	PLUS 7.3 PERCENT (PROPOSED)

4. WE ARE OF THE OPINION THAT:

A. THE COMPENSATION PLAN RECOMMENDED BY THE DRS. BAIRDAIN SHOULD INCLUDE THE 13TH AND 14TH MONTHLY SALARIES IN ANNUAL SALARY, I.E., ADJUST SALARIES UPWARD BY ONE-SIXTH, TO CONFORM TO LOCAL PRACTICE. WE REALIZE THAT A DECISION TO DO THIS WILL INCREASE PENSION COSTS OF THE USG. HOWEVER, WE PROPOSE THAT LOCAL EMPLOYEES COMING ONTO THE ROLLS OF THE POST ON OR AFTER JAN 1, 1977, BE COVERED BY LOCAL SOCIAL INSURANCE PROGRAMS. WE THINK THAT COUPLING THESE TWO PROPOSALS WILL LET US KEEP FAITH WITH OUR PRESENT STAFF AND PERMIT THE ORDERLY TRANSITION TO LOCAL COVERAGE DESIRED BY THE DEPARTMENT.

B. THE THUS-ADJUSTED COMPENSATION PLAN THEN BE INCREASED BY 5 PERCENT ACROSS THE BOARD, RESULTING IN A 12.3 PERCENT INCREASE AT THE MID-POINTS. WHILE THIS INCREASE IS WOEFULLY INADEQUATE IN COMPARISON WITH WAGE INCREASES CURRENTLY BEING GRANTED IN GREECE, WITH THE SPIRALING COST OF LIVING, AND WITH THE NET LOSS IN PURCHASING POWER OF OUR EMPLOYEES, IT WILL FIND RELUCTANT ACCEPTANCE IF, AND ONLY IF, THE DEPT AGREES TO THE PROPOSALS IN A. ABOVE. FAILING SUCH AGREEMENT, WE WILL HAVE NO CHOICE BUT TO RECOMMEND AN UPWARD ADJUSTMENT OF APPROXIMATELY 14 PERCENT OF THE BAIRDAIN-PROPOSED COMPENSATION PLAN IN ORDER TO AVOID SERIOUS DISSATISFACTION, AND POSSIBLY UNREST, AMONG OUR EMPLOYEES. THIS IS NO LONGER A QUESTION OF MOTIVATIOO; OUR EMPLOYEES VIEW THIS TO BE A MATTER OF PURE INJUSTICE. AFTER YEARS OF FAITHFUL SERVICE, THEY WITNESS AN UNCOMMON EROSION OF THEIR ECONOMIC STATUS AND THEIR FUTURE ECONOMIC SECURITY.

5. WE SHOULD ALSO LIKE TO POINT OUT THAT THE POST  
PLANS TO UNDERTAKE A PROFESSIONAL POSITION CLASSIFICA-  
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TION SURVEY EARLY IN CY 1977, PRIOR TO ANNUAL REVIEW OF ITS NEW COMPENSATION PLAN, WHICH WE BELIEVE WILL AMELIORATE, IF NOT ELIMINATE, THE REMAINING INEQUITIES IN OUR PERSONNELMANAGEMENT SYSTEM. MOREOVER, WE HAVE REASON TO BELIEVE THAT IT WILL ENCOURAGE A NUMBER OF RETIREMENTS RESULTING FROM GRADE ADJUSTMENTS.

6. FINALLY, WE ARE CONVICTED THAT, WITH THE ADJUSTMENTS PROPOSED ABOVE, THE BAIRDAIN WAGE SURVEY RESULTS CAN SERVE AS THE BASIS FOR THE POST COMPENSATION PROGRAM FOR SOME YEARS TO COME. THE REPORT CORRECTS THE DEFICIENCIES IN NUMBER OF GRADES AND STEPS, IT IS WELL DOCUMENTED, AND WILL BE USEFUL IN PERIODIC REVIEW AND UPDATE. REPORT ALSO RECOGNIZES VALID NEED FOR CERTAIN ALLOWANCES.

7. WE HOPE TO BE ABLE TO ANNOUNCE THE DEPARTMENT'S APPROVAL, INCLUDING POST-RECOMMENDED ADJUSTMENTS, TO OUR EMPLOYEES BY AUGUST 1.  
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